

# UNIT 65 INVOICES

## UNIT CERTIFICATION

### Statement of Completion

\_\_\_\_\_ has satisfactorily completed on-the-job training in the Part or Parts of this Unit specified below.

<b>Duty</b>	Determine whether to authorize payment against an invoice in full, in part, in full, or not at all.
<b>Conditions</b>	Given a contract and an invoice for payment.
<b>Overall Standard(s)</b>	Authorize payment of no money in excess of or less than the amount to which the contractor is entitled under the terms and conditions of the contract. Payment conforms to agency policies and the Prompt Payment Act.

#### *Payment Terms In Contracts Under Part 12*

➤ See FAR §52.212-4 (g) and (I) for invoice and payment terms and conditions in contracts for commercial items. [§12.212-4, FAC 90-32]

_____ Evaluator
_____ Name
_____ Title
_____ Date

# UNIT 65 INVOICES

DOCUMENTATION OF OJT ASSIGNMENT(S)
<b>Description of Assignment:</b>
<b>Evaluation:</b>
<b>Completion Date:</b>

*As needed, insert additional pages to record OJT assignments.*

# UNIT 65 INVOICES

## Policies

<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
8.709		Payment against invoices from workshops for the Blind and Other Severely Handicapped and from the Federal Prison Industries, Inc.
12.302(b)		NO tailoring of the terms and conditions of FAR clause 52.212-4 with respect to assignment, payment, and invoices.
22.1022		Withholdings from contract payments under the Service Contract Act.
23.506		Suspension of payments under the drug-free work place clause.
27.205 and 206		Refunding of royalties.
29		Taxes (refunds for).
32.102(d)		Partial payments.
32.611 and 612		Set offs for debt collection.
32.804		Protection for assignees from reductions or withholdings.
32.9		Prompt payment.
35.003(c)		Recoupment.
42.7		Indirect cost rates.
42.1403		Shipping documents covering F.O.B. origin shipments (e.g., bills of lading).
47.103		Transportation Documentation and Audit Regulation (e.g., Government Bills of Lading).
47.104-5		Citation of Government rate tenders.
47.401-405		Disallowance of fares of foreign-flag air carriers.
49.112		Payment when terminating.
52.212-4(g)		Invoices for payment under contracts for commercial items.
52.212-4(i)		Payment under contracts for commercial items.
52.216-7		Allowable costs and payment under cost reimbursement contracts.
52.216-8, 216-10, and 216-11		Fee arrangements under cost reimbursement contracts.
52.216-15		Predetermined indirect cost rates (cost reimbursement R&D contracts with educational institutions).
52.216-16 and 216-17		Payment under fixed price incentive contracts.
52.216-26		Payments of allowable costs before the definitization of letter contracts.
52.222-4 and 222-41		Withholdings for unpaid wages under the Contract Work Hours and Safety Standards Act.
52.222-41		Withholdings of payments under the Service Contract Act.
52.223-6		Suspension of payments for failing to comply with requirements for a drug free work place.
52.225-10		Reduction of price when supplies enter duty-free.
52.227-9		Refund of royalties.
52.229-1, 229-3 thru 229-10		Taxes.
52.232-1 thru 232-3.		Payment clauses.

## UNIT 65 INVOICES

52.232-7 thru 232-9		Payments under Time-And-Materials and Labor-Hour contracts.
52.232-8		Discounts for prompt payment.
52.232-9		Limitation on withholding of payment.
52.232-11		Extras
52.232-25		Prompt payment.
52.232-28		Electronic Funds Transfer Payment Methods.
52.242-10 and 242-11		Government bills of lading.
52.247-1		Commercial bills of lading.
52.247-63		Preference for U.S.-Flag air carriers (disallowance of expenditures from funds for international air transportation secured aboard a foreign-flag carrier).

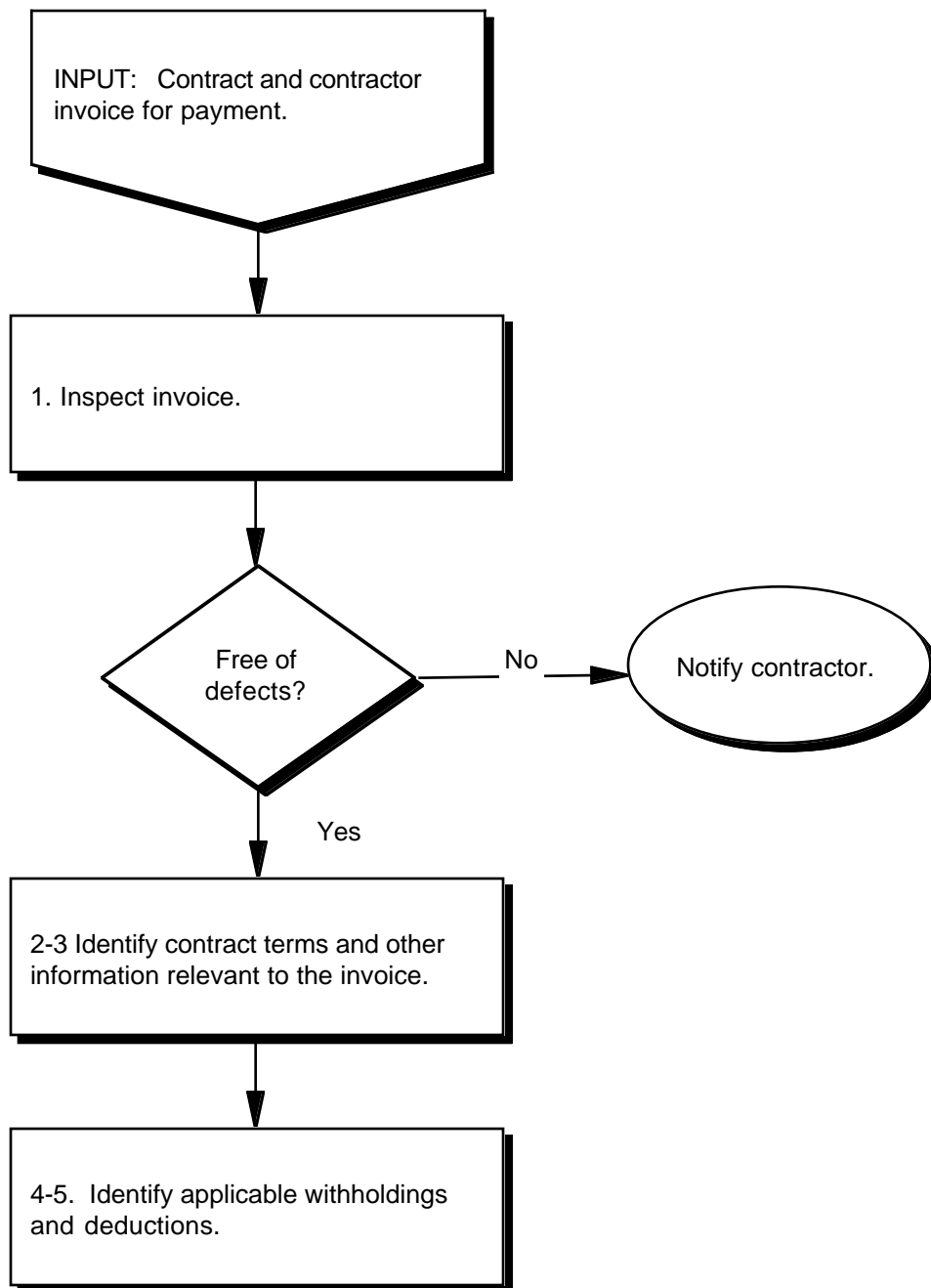
### Other KSA's

1. Commercial Law and Quantitative Analysis.

---

### Other Policies and References (Annotate As Necessary):

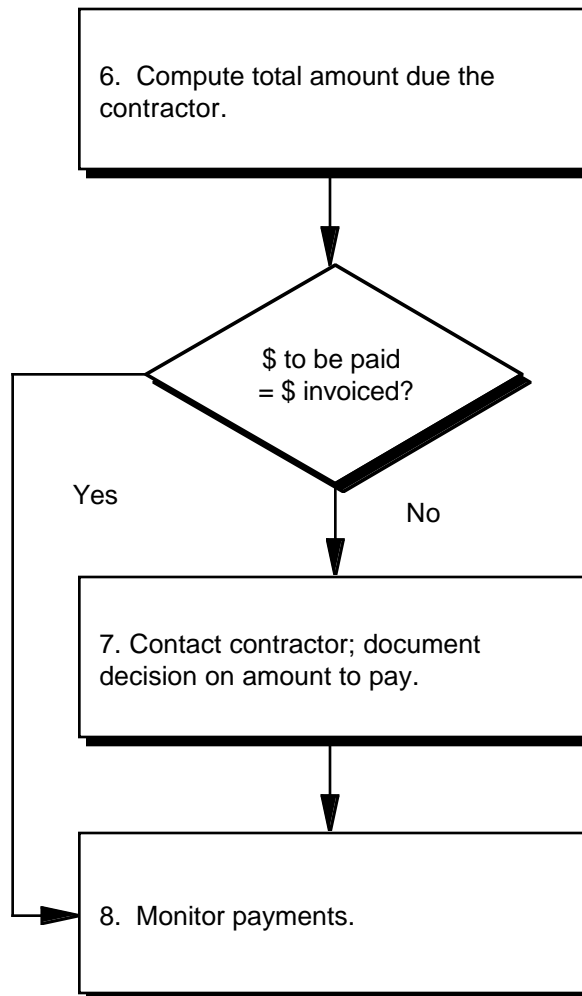
# Payment Against Invoices



*(Flowchart continued on next page)*

# Payment Against Invoices

*(Flowchart continued from prior page)*



# UNIT 65 INVOICES

## Tasks

## Related Standards

1. Inspect invoice for completeness and notify contractor of any defects.	A1. Check invoices to ensure that the billing office has annotated the actual date of receipt. Identify any missing elements per FAR 32.905(e). Notify the contractor of defects in the invoice within 7 calendar days after receipt of the invoice at the designated billing office (to avoid interest penalties under the Prompt Payment Act).
2. Identify terms and conditions of the contract which bear on the amount to be paid.	A2. Correctly identify all applicable terms and conditions (e.g., price, type of contract, payment, period for constructive acceptance, discounts, liquidated damages, Service Contract Act).
<p>3. Obtain documents and determinations that bear on the amount to be paid.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• Inspection or receiving report forms or commercial shipping documents and packing lists (per Unit 56).</li> <li>• Documentation on the application of remedies (from Unit 59 and 60), such as liquidated damages or rejection of work.</li> <li>• Determinations on billing rates (per Unit 69), final indirect cost rates (per Unit 69), and on the allowability of invoiced costs (per Unit 68).</li> <li>• Reports on contractor indebtedness (from Unit 72).</li> <li>• Adjustments to liquidation rates or reductions in commercial financing, advance, progress, or performance-based payments (Unit 67).</li> <li>• Interim or final adjustments to the contract price (per Unit 71).</li> <li>• Contract modifications (Unit 76).</li> <li>• Contracting officer's final decision on a claim (from Unit 81).</li> <li>• Termination settlements (from Unit 83).</li> </ul>	
4. Identify deductions (see Appendix I) or other necessary corrections to the invoice.	A4. Accurately recognize every item to deduct or withhold and the amount of each deduction or withholding.

# UNIT 65 INVOICES

## Tasks

## Related Standards

<p>5. Determine whether an assignee is protected from the deduction or withholding.</p> <ul style="list-style-type: none"> <li>From recovery of payments made by the Government to the assignee under any contract on account of any liability of the contractor to the Government.</li> <li>By a no set-off commitment in the contract which entitles the assignee to receive contract payments free of reduction or set-off for: <ul style="list-style-type: none"> <li>Any liability of the contractor to the Government arising independently of the contract.</li> <li>Renegotiation under any statute or contract clause.</li> <li>Fines.</li> <li>Penalties (excluding those that may be collected or withheld from the contractor under the terms of the contract or for failure to comply with the contract's terms).</li> <li>Taxes or social security contributions.</li> <li>Withholding or nonwithholding of taxes or social security contributions.</li> </ul> </li> </ul>	<p>A5. The determination should conform to FAR 32.804. Notwithstanding the no set-off commitment, set-off when:</p> <ul style="list-style-type: none"> <li>The assignee has neither made a loan under the contract nor has made any commitment to do so.</li> <li>The amount due on the contract exceeds the amount of any loans made or expected to be made under a firm commitment for financing.</li> </ul>
<p>6. Do mathematical computations to determine the total amount due the contractor.</p>	<p>A6. Calculate the accurate amount owed.</p>
<p>7. Contact the contractor to explain any differences between the amount of the submitted invoice and the amount that the Government proposes to pay.</p>	<p>A7. Accurately present all factual data that justifies the difference. Provide the contractor an opportunity to present his/her position and ensure that the contractor's management is aware of potential performance problems.</p>
<p>8. Reach and, where necessary, document the decision on the amount to pay against an invoice.</p> <p>Alternatives:</p> <ul style="list-style-type: none"> <li>Pay in full.</li> <li>Pay after certain deductions and withholdings, after written notice to the contractor.</li> <li>Reject the invoice and return it to the contractor for correction and resubmission, specifying the reason.</li> </ul>	<p>A8. Notify the contractor of defects in the invoice (in terms of disagreements with the amount invoiced) within 7 calendar days after receipt of the invoice at the designated billing office (to avoid interest penalties under the Prompt Payment Act). Notify the contractor of deductions or withholdings from the amount invoiced within 30 days after the designated billing office has received a proper invoice from the contractor, or within 30 days after Government acceptance, whichever is later (assuming no disagreement over quantity, quality, or contractor compliance with contract requirements.).</p>



# UNIT 65 INVOICES

## Tasks

## Related Standards

<p>9. Monitor payments.</p>	<p>A9. Submit the correct invoice to Finance Office in a timely manner (within the meaning of the Prompt Payment Act) and within the time standards agreed upon between the Contracting Officer and the Certifying Finance Officer.</p> <p>In general, payment should be made within 30 days after the designated billing office has received a proper invoice from the contractor, or within 30 days after Government acceptance, whichever is later (assuming no disagreement over quantity, quality, or contractor compliance with contract requirements.). For contractor financing payments, payment should be made within 30 days after the designated billing office has received a proper request.</p> <p>However, “interest penalties are not required on payment delays due to disagreement between the Government and contractor over the payment amount, or other issues involving contract compliance, or on amounts temporarily withheld or retained in accordance with the terms of the contract.”—FAR 32.907-1(f).</p> <p>Payment should be made within 20 days but no later than 30 days for supplies or services on the Procurement List of supplies available from workshops for the Blind or Other Severely Handicapped or from the Federal Prison Industries, Inc.</p>
-----------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

# UNIT 65 INVOICES — APPENDIX I

## TABLE OF DEDUCTIONS FROM INVOICED AMOUNTS

WHEN:	DEDUCT:	PER FAR:
Administering Fixed Price Contracts	Invoiced items that have not been received or accepted.	52.232-1 and 52.232-2
	Invoiced prices that exceed the contract price for the supplies or services.	
	Invoiced partial payments when the amount due on the deliverables is less than \$1,000 or 50% of the purchase price.	
	Invoiced amounts for “extras.”	52.232-11
	Discounts for early payment.	52.232-25
	State and local taxes, by furnishing the contractor with an evidence of any exemption from such taxes.	52.229-1
	After-relieved Federal or foreign taxes. <sup>1</sup>	52.229-3 through 52.229-7
	The amount of any Federal excise tax or duty (except social security or other employment taxes) that the Contractor is required to pay or bear, or does not obtain a refund of, through the Contractor's fault, negligence or failure to follow the Contracting Officer's instructions.	
Billed for transportation costs	Improperly supported reimbursement for transportation charges.	52.242-10 and 52.247-1
Modifying the Contract (Per Unit 76)	Unilateral or bilateral downward adjustments to the contract price (including adjustments that result from the resolution of performance problems per Units 59 or 60).	Part 43, 52.243-1 to 52.243-7, and 52.248-1.
Implementing Special Contract Remedies (Per Units 59 & 60)	Liquidated damages— <ul style="list-style-type: none"> <li>Per the clause at 52.211-11 (Liquidated Damages—Supplies, Services, or Research and Development )</li> <li>Per the clause at 52.219-16 Liquidated Damages—Small Business Subcontracting Plan.</li> <li>Per the clause at 52.222-4 Contract Work Hours and Safety Standards Act—Overtime Compensation.</li> </ul>	52.211-11, 52.219-16, and 52.222-4
	Unpaid wages— <ul style="list-style-type: none"> <li>Per the clause at 52.222-4 Contract Work Hours and Safety Standards Act—Overtime Compensation.</li> <li>Per the clause at 52.222-41 Service Contract of 1965, As Amended.</li> </ul>	52.222-4 and 52.222-41

<sup>1</sup>“After-relieved” means a tax that the contractor is no longer required to pay or bear or for which the contractor obtains a refund or drawback, as the result of legislative, judicial, or administrative action taking effect after the contract date. Also note that the contract price might be adjusted upwards based on “after-imposed” taxes. Consult the agency-designated counsel to determine the applicability of a tax.

# UNIT 65 INVOICES — APPENDIX I

## TABLE OF DEDUCTIONS FROM INVOICED AMOUNTS

WHEN:	DEDUCT:	PER FAR:
Collecting Contractor Debts (Per Unit 72)	Setoffs for the collection of contractor debts.	32.611 and 32.612
Progress Payments Are Being Made (Per Unit 67)	From invoiced prices, amounts necessary to liquidate prior progress payments (as calculated per the terms of the Progress Payments clause).	52.232-16
	Unallowable costs invoiced on the SF 1443 (Contractor's Request for Progress Payments).	
	For customary progress payments, 20% of the cumulative total allowable costs (15% for small businesses) reported on the SF 1443 (Contractor's Request for Progress Payments), less the sum of all previous progress payments.	
	Costs invoiced on the SF 1443 (Contractor's Request for Progress Payments), when a decision has been made to suspend or reduce progress payments.	
Administering A Cost Reimbursement Contract	Retainages, such as: <ul style="list-style-type: none"> <li>• 15% of fee per FAR 52.216-8 and 216-10 for cost plus fixed fee or incentive fee contracts.</li> <li>• 1% of total estimated cost as shown in the Schedule or \$100,000 under FAR 52.216-11 in cost-no fee contracts .</li> </ul>	52.216-7, 52.216-8 216-10, and 216-11
	Payment on the basis of a lesser fee under cost plus incentive fee contracts, when the contractor is not likely to achieve the target.	
	Unallowable costs per Unit 68.	
	Overbilled indirect costs, given billing rates or final indirect cost rates for the period (see Unit 69)	
	Costs in excess of the limitation of costs in cost reimbursable contracts (per Unit 70).	
	Any tax or duty of a foreign Government from which the U.S. Government is exempt by agreement with the foreign Government .	52.229-8 or 52.229-9
	In cost sharing R&D contracts, recoupment of Government-funded nonrecurring costs from contractors that sell, lease, or license the resulting products or technology to buyers other than the Federal Government.	35.003(c)

# UNIT 65 INVOICES — APPENDIX I

## TABLE OF DEDUCTIONS FROM INVOICED AMOUNTS

WHEN:	DEDUCT:	PER FAR:
Administering A Fixed Price Incentive Contract (Per Unit 71)	The amount that invoiced prices exceed current billing prices (e.g., when billing prices are reduced).	52.216-16 and 52.216-17
	The amount that billing prices exceeded the final prices for deliverables under fixed price incentive contracts.	
Administering A Time-And-Materials or Labor-Hour Contract	Any amount in excess of the ceiling price (per Unit 70).	52.232-7
	A retainage of 5% of the amount due until execution and delivery of the contractor's release.	
	Overpayments or improper amounts for materials or subcontracts.	
Administering a Letter Contract	Invoiced amounts in excess of the limitation of reimbursement and reimbursement rates.	52.216-26
Royalties are being paid <sup>1</sup>	Royalties in excess of the amount that is owed by the Government.	52.227-9
Terminating a contract	Invoiced amounts that are greater than the amount authorized for partial payment or final payment of termination settlements.	49.112, 49.402-6, and 49.402-7(b).
	Partial payments that exceeded the amount of the final termination settlement.	
	Reprocurement costs and costs for any other damages.	

<sup>1</sup>Do not pay the invoiced amount for a royalty when:

- The Government has a royalty-free license which covers that royalty.
- Billed at a rate in excess of the rate for which the Government is licensed.
- The royalties in whole or in part otherwise constitute an improper charge.

# **UNIT 65 INVOICES — APPENDIX I**

## **TABLE OF DEDUCTIONS FROM INVOICED AMOUNTS**

**WHEN:**

**DEDUCT:**

**PER FAR:**